

Message Text

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C O N F I D E N T I A L BONN 03888

E.O. 11652: GDS

TAGS: EGEN, IN, GW

SUBJ: ECONOMIC COOPERATION MINISTER BAHR DOWN ON
INDIANS AND UP ON AFRICANS.

1. DURING MY MEETING WITH HIM ON MARCH 8, ECONOMIC
COOPERATION MINISTER BAHR SAID THAT DURING HIS RECENT
VISIT TO INDIA HE REACHED THE CONCLUSION THAT THE
PRESENT STATE OF EMERGENCY WOULD CONTINUE FOR A LONG
TIME. THE ARRANGEMENT PARTICULARLY ATTRACTED MRS.
GANDHI SINCE IT SEEMS TO SUCCEED. CORRUPTION HAS
DIMINISHED SOMEWHAT, AND PRODUCTIVITY AND THE WORK
ETHIC HAVE IMPROVED. THE INDIANS CAN EXPECT A GOOD
HARVEST, AND FOOD IMPORTS MAY BE UNNECESSARY.

2. BAHR WAS SORRY TO SAY THAT WESTERN ASSISTANCE IS
MARGINAL IN INDIA. THE DM 440 MILLION IN BILATERAL
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ASSISTANCE GIVEN BY THE FRG REPRESENTS ONLY 0.4

PERCENT OF ANNUAL INDIAN INVESTMENT. HE SAW NO WAY TO INCREASE AID. HE HAD FOUND THE INDIANS AWARE OF THE DANGER OF INCREASING THEIR DEPENDENCE ON THE USSR. WE SHOULD, THEREFORE, ACCORDING TO BAHR, NOT GET IN COMPETITION WITH THE SOVIETS. FOR THAT REASON, BAHR AGREES COMPLETELY WITH RECENT U.S. DECISIONS ON INDIA. BAHR SAID FRG WOULD HONOR ITS COMMITMENTS, BUT IF HE HAD HIS WAY HE WOULD CEASE AID TO THAT COUNTRY WHICH WOULD IN ANY EVENT NEVER PAY ITS DEBT.

3. BAHR SAID IT WAS DIFFICULT FOR US TO COMPETE IN INDIA, SINCE THE INDIAN AND SOVIET ECONOMIES ARE NATURALLY COMPLEMENTARY. THE USSR IS ABLE TO TAKE INDIAN PRODUCTION, SINCE THE SOVIET ECONOMY IS NOT TOO QUALITY-CONSCIOUS. AT THE SAME TIME, THE INDIANS TOLD HIM THAT THEY COULD GET ANY ARMS THEY ASKED FOR AND NEEDED FROM THE USSR.

4. EVEN SO, BAHR STRESSED THE SIGNIFICANCE OF INDIAN AWARENESS OF THE NEED TO KEEP A HEALTHY DEGREE OF INDEPENDENCE OF THE SOVIET UNION. HE NOTED, FOR EXAMPLE, THAT A SENIOR INDIAN HAD STRESSED A UNIFIED VIETNAM WOULD EVENTUALLY BE ABLE TO HOLD ITS OWN, BOTH VIS-A-VIS THE SOVIETS AND THE CHINESE.

5. GIVEN THE VERY MARGINAL EFFECT WE CAN HAVE ON THE INDIAN SITUATION, BAHR BELIEVED THE WEST SHOULD TRANSFER ITS ATTENTION TO AFRICA WHERE SOMETHING STILL COULD BE DONE. HE SAID WE ALL MADE MISTAKES IN ANGOLA, AND HE WOULD BE THE LAST TO CRITICIZE THE U.S. HERE, HE SAID, WAS A SITUATION WHICH EUROPE COULD HAVE TAKEN CARE OF ON ITS OWN. FOR EXAMPLE, ZAMBIA MUST BE SUPPORTED. HE THOUGHT ANGOLA COULD BE RE-WON. HE ALSO AGREED THAT ZAIRE WAS IMPORTANT, BUT COMMENTED THAT EVERYTHING WAS JUST A LITTLE BIT CRAZY IN THE COUNTRY. HE WAS CONCERNED THAT WE NOT GIVE THE IMPRESSION OF MOBUTU'S BEING AN AMERICAN TSHOMBE. HE HAD HEARD RUMBLERS TO THIS EFFECT IN TANZANIA. BAHR WAS PESSIMISTIC ON THE ABILITY OF SMITH TO HOLD OUT

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IN RHODESIA AND SAID THAT IT WAS ESSENTIAL THAT SOUTH AFRICA HOLD BACK ITS AID.

HILLENBRAND

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